

211 CMR 30.00: REINSURANCE OF PROPERTY AND CASUALTY RISKS BY LIFE INSURERS

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30.01: Authority

211 CMR 30.00 is promulgated pursuant to the authority of M.G.L. c. 175, § 54G.

30.02: Purpose

The purpose of 211 CMR 30.00 is to set forth rules and procedural requirements which the Commissioner of Insurance deems necessary for protection of the public and to carry out the provisions of M.G.L. c. 175, § 54G.

30.03: Severability

If any provision of 211 CMR 30.00, or application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of 211 CMR 30.00 which can be given effect without the invalid provision or application, and to that end the provisions of 211 CMR 30.00 are severable.

30.04: Applicability

211 CMR 30.00 shall apply to any life insurance company which seeks to avail itself of the authority granted in the above referenced section of Massachusetts law to reinsure property and casualty insurance risks.

30.05: Notice of Intention and Securing of Approval

Any authorized life insurance company which pursuant to the authority granted by the above referenced section of Massachusetts Law intends either by itself or together with other insurers through pooling arrangements or otherwise to reinsure property and casualty risks of every kind and description must:

- (1) File a notice of intention in writing to the Commissioner. This notice of intention shall set forth the proposed plan of operations, the qualifications of its staff to engage in this reinsurance business, proof that its charter and, in the case of a foreign life insurer, the laws of its place of domicile authorize it to engage in such business and proof, in the case of a foreign life insurer, that the insurance regulatory authorities of its place of domicile have been informed of its intended participation and have not objected to such participation and that it has posted the required deposit; and
- (2) Obtain the advance written approval of the Commissioner prior to the writing of such reinsurance business.

30.06: Financial Requirements

(1) The conventional operations of such life insurance companies shall, to the extent possible, be accounted for separately from its property and casualty reinsurance business. Accordingly, each life insurance company proposing to engage in such business shall account for this business as a separate line of business. Life insurers transacting this reinsurance business shall be subject to the same statutory provisions and administrative rules relating to net annual premium volume and the maintenance of reserves for unearned premiums and unpaid losses as are applicable to fire and casualty insurers transacting this reinsurance.

(2) As a condition precedent to approval of the entry of a life insurer into the property and casualty reinsurance business, the insurer shall demonstrate that the company maintains unallocated surplus of not less than \$1 million and also in the case of a foreign insurer, unless it maintains an unallocated surplus of \$1 million and has made a deposit in an amount and subject to the conditions specified in M.G.L. c. 175, § 151 clause 2, subdivision (3)(c).

30.07: Limitation of Risk

Notwithstanding the other provisions of 211 CMR 30.00, for the purpose of determining the extent to which a life insurance company may expose itself to loss of any single property or casualty reinsurance risk, the standard to be observed is that the amount of any single property and casualty reinsurance risk shall be limited to not more than 2% of the life insurer's total surplus including capital, if any.

30.08: Records and Reporting

Each life insurer engaging in the property and casualty business shall maintain accounting records which adequately reflect the operation of this reinsurance business in a like manner as any fire or casualty insurer doing the same kind of business. Each life insurer engaging in such business shall report to the Commissioner in such manner and at such time as the Commissioner may hereafter prescribe with respect to these lines of business, the funds applied thereto and the allocation of expenses.

30.09: Pooling Agreements

(1) Pooling agreements for each life insurer engaging in the property and casualty reinsurance business shall be filed with the Commissioner for his advance written approval. The Commissioner shall approve the agreement upon his making a determination that:

- (a) the agreement conforms to the requirements of Massachusetts Law and 211 CMR 30.00;
- (b) the agreement will not unreasonably restrain competition or tend to create a monopoly;
- (c) there exists a reasonable basis for the admission of additional members; and
- (d) the agreement permits any member to accept reinsurance on its own behalf outside the pool.

(2) Such a pooling agreement may provide the appointment of an agent or manager to act independently or on instructions from the members in the acceptance of risks and the establishment of premiums thereon.

30.10: Effective Date

211 CMR 30.00 shall take effect on January 1, 1975.

REGULATORY AUTHORITY

211 CMR 30.00: M.G.L. c. 175, § 54G.